

and PLUS brands. Visa/PLUS is one of the largest global ATM networks, offering cash access in local currency in more than 200 Scharf. Inc.: DE. Address: P.O. Box 8999, San Francisco, CA 94128. Telephone: 415-932-2100. Internet: www.visa.com.

ANNUAL RATES Past Est'd '11-'13 Past of change (per sh) Revenues to '17-'19 18.0% 10 Yrs. 5 Yrs. 'Cash Flow' 21.0% 18.5% Earnings Dividends 24.5% 17.0% Book Value Fiscal OUADTEDLY DEVENUES (\$ mill) AFF Full

7802

7954

4151

4335

Other

Current Liab

4847

4961

Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Fiscal Year
2011	2238	2245	2322	2383	9188
2012	2547	2578	2565	2731	10421
2013	2846	2958	3001	2973	11778
2014	3155	3163	3292	3390	13000
2015	3450	3580	3630	3590	14250
Fiscal	EARNINGS PER SHARE ABF				Full
Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Fiscal Year
2011	1.23	1.23	1.26	1.27	4.99
2012	1.49	1.60	1.56	1.54	6.20
2013	1.93	1.92	1.88	1.85	7.59
2014	2.20	2.20	2.32	2.28	9.00
2015	2.65	2.63	2.58	2.54	10.40
Cal-	QUARTERLY DIVIDENDS PAID G				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2010	.125	.125	.125	.15	.53
2011	.15	.15	.15	.22	.67
2012	.22	.22	.22	.33	.99
2013	.33	.33	.33	.40	1.39
2014	.40	.40	.00		

Visa's March-period top-line result marked a rare miss. (Year ends September 30th.) To be sure, revenues still advanced a decent 7% year over year, to \$3.16 billion, with each geographic segment reporting gains. But that figure fell short of our \$3.34 billion estimate and the market's lofty consensus. Consequently, we've slightly reduced our full-year topline forecast, from \$13.2 billion to \$13.0 billion. (Note: Even at our reduced outlook, revenues are expected to advance 10%-plus in the current fiscal year.)

Meanwhile, the bottom line hasn't

skipped a beat. Share net came in at \$2.20 for the March period, compared with our call of \$2.14 and the \$1.92 logged in the year-earlier term, and matched the single-largest quarterly tally in Visa's stellar history. All told, we've raised our fiscal 2014 earnings target, from \$8.90 to \$9.00 a share, which would represent an increase of 18%-20% from the prior year.

Much of the progress we foresee will likely be driven by Visa's international business. Indeed, revenues generated overseas (including Visa Europe) have accounted for 45%-plus of the total in recent

years, up from less than 42% a few years earlier. The most rapid growth is coming from Asia/Pacific (now 28% of the total), Latin America (15%), and the segment comprised of Central Europe, the Middle East, and Africa (15%). (All figures are presented on a constant-dollar basis.)

În our view, debit cards will account for the lion's share of growth for the **foreseeable future.** Indeed, debit cards now account for 57% of total revenues, compared with less than 50% in the notso-distant past. One caveat: Consumers typically use debit cards for smaller, davto-day purchases, which tends to inhibit the dollar value per transaction.

Visa shares have given up some ground since our full-page February review. Nonetheless, we remain optimistic about the company's long-term prospects, owing to its rock-solid finances (including a debt-free balance sheet), best-inclass management, and ubiquitous brand name. This good-quality stock has above-average total return potential to the end of this decade, and the recent retreat presents a nice entry point, in our view.

May 16, 2014

(A) Fiscal year ends Sept. 30th. (B) Represents adjusted dil. Class-A earnings. Excludes nonrecur. charges: '07, \$2550 mill; '08, \$1.29; '12, (\$4.11). Next egs. rep. due in late per share. (E) Prior to '08, results are for Visa mid-Nov.

July. (C) In millions of adjusted, diluted Class-A U.S.A. only. (F) May not sum due to rounding common shares outstanding. (D) Includes intangibles. As of 3/31/14: \$23.0 million, \$0.04 and/or change in share count. (G) Div'd historically paid in mid-Feb., mid-May, mid-Aug., and

Sharif Abdou

Company's Financial Strength A++ Stock's Price Stability Price Growth Persistence 75 70 Earnings Predictability 100

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